

**THE METROHEALTH SYSTEM
BOARD OF TRUSTEES
AUDIT AND COMPLIANCE COMMITTEE
REGULAR MEETING MINUTES**

DATE: Wednesday, December 12, 2018

TIME: 1:30 to 4:00 p.m.

PLACE: MetroHealth Medical Center
K107, Business Services Building

COMMITTEE TRUSTEES: Mr. McDonald and Dr. Silvers

ADDITIONAL TRUSTEES: Ms. Whiting

STAFF: A. Boutros, MD, D. Fiser, G. Himes, M. Phillips, C. Richmond, C. Forino Wahl

GUESTS: R. Barre, J. Holloway, J. Mylen (KPMG), J. Croy (RSM)

Dr. Silvers called the meeting of the Audit and Compliance Committee to order at 1:26 p.m. Please note that minutes are written to conform to the printed agenda and are not necessarily in the order of discussion.

- I. The minutes of the regular Audit and Compliance Committee meeting held on September 12, 2018 were approved as presented.

II. INFORMATION ITEMS

Craig Richmond, Executive Vice President, Chief Financial Officer introduced John Croy, RSM Senior Director and National Leader of Construction Advisory Services, who provided an update on the Transformation Project construction cost review services. Mr. Croy stated they continue to conduct monthly reviews of the major vendors and contractors participating in the project as well as participates in the pencil draw process (draft invoice review). Mr. Croy indicated they reviewed the Guaranteed Maximum Price (GMP) contract for Phase A which identified an opportunity to reduce the overall GMP cost as well as other modifications/comments that were reflected in the final GMP. In addition, the close-out review for the parking garage project has been scheduled. Mr. Croy also mentioned that revisions were submitted to the change management process describing RSM's involvement in reviewing change orders and construction contingency documentation that meet certain thresholds.

Cheryl Forino Wahl, Senior Vice President, Chief Ethics and Compliance Officer provided an update on the fourth quarter compliance program activities stating that eighty-five percent of the annual work plan has been completed. Ms. Wahl stated the department completed the 2019 application for the World's Most Ethical Company. Also, Compliance completed 204 live Code of Conduct training sessions across all MetroHealth locations for all employees, contractors, volunteers and the Board of Trustees. Ms. Wahl mentioned that a guest speaker from the Ohio Ethics Commission presented on how the Ohio Ethics rules affect MetroHealth employees and practices. Since the last meeting, Ms. Wahl shared that the department collected and analyzed the conflict of interest disclosure forms from all employees, Board of Trustees and from the MetroHealth Foundation Board. Ms. Wahl proceeded with reviewing the four 2018 Ethics and

Compliance goals: building an ethical culture through the new Code and corresponding training; updating the Conflict of Interest disclosure process across the system; improving privacy awareness and accountability; and optimizing the 340B program. Three of the four goals have been met as of the meeting and one is expected to be completed by the end of the year. Lastly, Ms. Wahl discussed the 2019 Ethics and Compliance work plan which includes over 300 projects, 70% of these projects will be new in 2019. The goals for 2019 include (i) expanding the risk assessment process to build a vendor risk management program, and (ii) develop metrics to measure the effectiveness of their ethics and compliance program activities.

Jim Mylen, Partner with KPMG Advisory Services, serves as MetroHealth's Director of Internal Audit. Mr. Mylen introduced both Robin Barre, Director, and Jerod Holloway, Managing Director, with KPMG. Mr. Mylen proceeded with providing an update on the fourth quarter 2018 Internal Audit Plan and shared the plan is on track and all audits will be completed in February 2019 as planned. Ms. Barre provided an update on their accomplishment and goals in 2018 which included: continuous auditing and analytics; integrated assurance partnering with management to manage risk; standardize documentation and communication approach. Mr. Mylen discussed Internal Audit's partnering with the finance function to help establish and develop procedures for a Financial Reporting Disclosure Committee (FRDC). The FRDC is similar to a practice required by publicly traded companies to help ensure adequate internal controls over financial reporting as part of their Sarbanes-Oxley Act of 2002 ("SOX") compliance programs. The MetroHealth FRDC will commence in January 2019 during the December 2018 year-end close process and continue to meet on a quarterly basis. Mr. Mylen mentioned that internal audit conducted risk assessment interviews in the fourth quarter and met with nearly thirty members of management and the senior leadership team. Mr. Holloway provided an overview of the 2019 MetroHealth risk universe and risk responsibility matrix. Lastly, Mr. Mylen stated internal audit developed the 2019 Internal Audit plan which was discussed with the Committee.

David Fiser, Vice President, Chief Information Officer, provided a Cyber Security Program update. Mr. Fiser discussed a new phishing solution called Phishme that replaces an existing product which will be implemented in December 2018, and fully deployed to all MetroHealth employees in January 2019. The Phishme solution will allow for testing of all employees monthly, automate the reporting by employees of suspicious emails and provide additional training videos to help bring greater awareness to the user base. Mr. Fiser also shared with the Committee that a firm was engaged to provide on-going penetration testing within the technology and physical environment. Mr. Fiser proceeded with providing an update on the recent HIPAA Security and Cyber Maturity Assessment conducted by KPMG that recommended several areas of opportunity to further increase the System's security posture. The recommendations will be prioritized and implemented to further mitigate the risks and continue to strengthen the environment. Lastly, Mr. Fiser provided an update on Disaster Recovery (DR) and Business Continuity of Operations approach. Mr. Fiser stated the Continuity of Operations and Business Impact Analysis (BIA) software and services partner was selected to assist with evaluating all core business processes and supporting information services applications which will begin December 2018. The DR data center site relocation plan will be completed by January 2019 and operational in a new site by December 2019. The Lastly, Mr. Fiser shared that a request for proposal process is currently underway for a hosted/managed Security Operations Center (SOC).

A motion was made, seconded and passed to move the Committee into Executive Session to discuss trade secrets and litigation matters. The Committee returned to regular session at 3:39 p.m.

III. NON-CONSENT /ACTION ITEMS

A. No items at this time

IV. CONSENT ITEMS

A. A Recommendation for the Continued Engagement of KPMG LLP as the System's Internal Audit Consultant

The Committee unanimously approved the recommendation for full Board action.

There being no further business to bring before the Committee, the meeting was adjourned at 3:43 p.m.

Respectfully submitted,

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a horizontal line and a small 'e' at the end.

Craig Richmond
Executive Vice President and
Chief Financial Officer